

have an issue like we have now where Members are able to award no-bid contracts to private companies, then we simply have to stop the practice.

THE BANKS' ARROGANCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, today the New York Times lead editorial "Foreclosures: No End in Sight," states there will be no economic recovery until there is a halt in the relentless rise in foreclosures. Foreclosures threaten millions of families with financial ruin, and by driving prices down, they sap the wealth of all homeowners. They exacerbate bank losses putting pressure on the still-fragile financial system.

Let's give Wall Street credit. They've accomplished the biggest transfer of wealth from the middle class to the super rich in U.S. history. And still, no one is holding them accountable. What a crying shame.

Study this picture. Five Wall Street money center banks had subsidiaries involved in the subprime mortgage loan fraud which led to our economic meltdown—JPMorgan Chase, Citigroup, Bank of America, Wachovia, and Wells Fargo—yet we, the American taxpayers, continue to bail out their bad business practices.

The Dow, in fact, removed Citigroup today from their listed companies. The very people who originated subprime loans, bundled them and passed them on are the very winners of taxpayer largesse with no strings attached. Those who come out on top are the same five, arrogant and recalcitrant. They don't even return phone calls from local Realtors trying desperately to resurrect their local housing stock.

Nonresponse is but the tip of the iceberg. The banks' arrogance has led them to use their inordinate power to hold up our Republic. Elected officials tiptoe around them. Some even protect them. And any group with that much power needs to be reined in in a democratic republic. If you're too big to fail, you're too big to exist.

But who will do it? Last year, Treasury Secretary Paulson struck fear in a skittish Congress a mere 6 weeks before elections—how convenient that timing was—to pass the \$700 billion taxpayer bailout of Wall Street saying America was on the verge of an economic disaster. Congress stampeded to pass that bill, and the economy melted down anyway.

Paulson held his conversations behind closed doors—no records—banking on, both literally and figuratively, the honor of politicians to not repeat his exact words. But a few weeks after Paulson got his hands on the public spigot, he changed direction. Originally he said, We asked for \$700 billion to purchase troubled assets and at the time we believed that would be the

most effective means of getting credit flowing. But, in fact, after the bill was passed on October 3, in consultation with the Federal Reserve, he determined that the most timely, effective step to improve market conditions was to put the money into the banks themselves.

□ 2000

So rather than holding banksters accountable in the courts and in the system, Washington has been systematically rewarding them.

Since then, every clever bill Congress has cooked up to address the credit crisis engendered by the housing market meltdown has just picked at the edges. Look at your districts. Look at our country.

The headlines and signing ceremonies look good. But there are over 5 million families' mortgages now under water, and it's rising. The economic fundamentals are out of whack. Legislation that looks good on the surface keeps being pushed forward, but in effect, the bills simply allow the government to become a bigger dumping ground for Wall Street's housing excess. Neither justice nor prudence are being brought to Wall Street.

When Louis Brandeis wrote "Other People's Money," his conscience moved a Nation to regulate banks that were plundering our republic during the Roosevelt years. This included Ferdinand Pecora, who directed Senate hearings over a period of 2 years, examining and illuminating Wall Street practices. And those exhaustive hearings turned Wall Street inside-out to public view. We should do no less.

But who will be our Pecora? Where is this Congress? Where is our President? And what has happened to our democratic government?

[From the New York Times, June 2, 2009]

FORECLOSURES: NO END IN SIGHT

A continuing steep drop in home prices combined with rising unemployment is powering a new wave of foreclosures. Unfortunately, there is little evidence, so far, that the Obama administration's anti-foreclosure plan will be able to stop it.

The plan offers up to \$75 billion in incentives to lenders to reduce loan payments for troubled borrowers. Since it went into effect in March, some 100,000 homeowners have been offered a modification, according to the Treasury Department, though a tally is not yet available on how many offers have been accepted.

That's a slow start given the administration's goal of preventing up to four million foreclosures. It is even more worrisome when one considers the size of the problem and the speed at which it is spreading. The Mortgage Bankers Association reported last week that in the first three months of the year, about 5.4 million mortgages were delinquent or in some stage of foreclosure.

Not all of those families will lose their homes. Some will find the money to catch up on their payments. Others will qualify for loan modifications that allow them to hang on. But as borrowers become more hard pressed, lenders—whose participation in the Obama plan is largely voluntary—may not be able or willing to keep up with the spiraling demand for relief.

One of the biggest problems is that the plan focuses almost entirely on lowering monthly payments. But overly onerous payments are only part of the problem. For 15.4 million "underwater" borrowers—those who owe more on their mortgages than their homes are worth—a lack of home equity puts them at risk of default, even if their monthly payments have been reduced. They have no cushion to fall back on in the event of a setback, like job loss or illness.

This page has long argued that a robust anti-foreclosure plan should directly address the plight of underwater homeowners by reducing the loans' principal balance. That would restore some equity to borrowers—and give them a further incentive to hold on to their homes—in addition to lowering monthly payments. The mortgage industry has resisted this approach, and the Obama plan does not emphasize it.

With joblessness rising, lower monthly payments could quickly become unaffordable for many Americans. In a recent report, researchers at the Federal Reserve Bank of Boston argued that unemployment is driving foreclosures and to make a difference, anti-foreclosure policy should focus on helping unemployed homeowners. The report suggests a temporary program of loans or grants to help them pay their mortgages while they look for another job.

The government will also have to make far more aggressive efforts to create jobs. The federal stimulus plan will preserve and generate a few million jobs, but that will barely make a dent—in the overall economic crisis or the foreclosure disaster. Since the recession began in December 2007, nearly six million jobs have been lost, and millions more are bound to go missing before this downturn is over.

President Obama needs to put more effort and political capital into promoting the middle-class agenda that he outlined during the campaign, including a push for new jobs in new industries, expanded union membership and a fairer distribution of profits among shareholders, executives and employees.

There will be no recovery until there is a halt in the relentless rise in foreclosures. Foreclosures threaten millions of families with financial ruin. By driving prices down, they sap the wealth of all homeowners. They exacerbate bank losses, putting pressure on the still fragile financial system. Lower monthly payments are a balm, but they are no substitute for home equity. And until more Americans can find a good job and a steady paycheck, the number of foreclosures will continue to rise.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia (Mr. WOLF) is recognized for 5 minutes.

(Mr. WOLF addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PAUL) is recognized for 5 minutes.